



WILLIAM T FUJIOKA  
Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

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*"To Enrich Lives Through Effective And Caring Service"*

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December 17, 2013

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**MEDICAL, DENTAL, LIFE INSURANCE, AND DISABILITY PLANS FOR 2014**

**SUBJECT**

Recommendation to approve premium rates and benefit changes for the 2014 calendar year for benefit plans applicable to represented and non-represented employees.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve proposed increases in the County contributions and subsidies to the cafeteria plans for represented employees for Plan Years 2014 and 2015;
2. Approve proposed medical premium rates for non-represented employees for the period January 1, 2014 through December 31, 2014; and
3. Instruct the Auditor-Controller to make all payroll system changes necessary to implement the recommendations herein and to ensure that all changes are first reflected on pay warrants issued on January 15, 2014.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

For represented employees, the County contributions and subsidies to the cafeteria plans are determined through the collective bargaining process. The negotiated amounts currently in effect are set out in the Fringe Benefit Agreements Memorandum of Understanding (MOU) with the Coalition of County Unions (CCU) and Service Employees International Union (SEIU) Local 721 which expired on September 30, 2013.

We have now reached settlement with CCU and SEIU on Fringe Benefit Agreements. The agreements provide for an increase of 7.2 percent in the County's contribution toward cafeteria plan benefits for Plan Years 2014 and 2015. The increased County contribution under the Choices and Options plans must be implemented by the January 15, 2014 pay warrants in order to help defray the added costs of health insurance premiums for represented employees.

#### COALITION OF COUNTY UNIONS

The CCU advised us that they have ratified the Fringe Benefit MOU for the period October 1, 2013 through September 30, 2015. They are requesting that the negotiated 7.2 percent increase in the County Contribution for the Choices Plan be reflected in the January 15, 2014 paycheck.

#### SEIU LOCAL 721

SEIU advised us that they have ratified the Options Article of the Fringe Benefit MOU for the period October 1, 2013 through September 30, 2015. They are requesting that the negotiated 7.2 percent increase in the County Contribution for the Options Plan be reflected in the January 15, 2014 paycheck.

#### NON-REPRESENTED EMPLOYEES

Considering that the Fringe Benefit Agreements for the CCU and SEIU provide for an increase in cafeteria plan contributions for represented employees, it is appropriate to extend comparable adjustments to non-represented employees. Accordingly, we are recommending a reduction in the amount paid by Flex and MegaFlex employees for medical premiums by 7.2 percent for Plan Year 2014.

#### **Implementation of Strategic Plan Goals**

The actions recommended in this letter promote workforce excellence by providing for continuation of the County's wage and benefit structure in a financially responsible manner.

#### **FISCAL IMPACT/FINANCING**

Each cafeteria plan, including represented employee plans provided by MOUs with County unions, provides for a County contribution and, in some cases, an additional subsidy to help pay the cost of insurance benefits. The County contributions and applicable subsidies for employee benefits mentioned or recommended herein are included in the FY 2013-2014 budget. Employees pay for additional costs above and beyond the County contributions through payroll deductions.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The general facts concerning 2014 premium rate and benefit adjustments affecting both represented and non-represented employees were stated in our September 3, 2013 Board Letter on this same subject. The successor MOUs, Amendments, and Ordinance will be submitted to the Board at a later date.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

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There is no impact on current services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF', followed by a large, stylized flourish that resembles a heart or a similar shape, and then a horizontal line extending to the right.

WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:BC:JA  
MTK:LSB:mst

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Human Resources  
Coalition of County Unions  
SEIU Local 721

## FRINGE BENEFIT CHANGES RESULTING FROM BARGAINING

1. The County monthly contributions to Choices and Options cafeteria benefit plans will be adjusted by 7.2 percent in Plan Years 2014 and 2015 as follows:

<u>CHOICES PLAN</u>	<u>2014</u>	<u>2015</u>
Medical Waiver	\$ 244.00	\$ 244.00
Employee Only	\$ 757.46	\$ 812.00
Employee + 1 dependent	\$1,382.02	\$1,481.53
Employee + 2 or more dependents	\$1,632.60	\$1,750.15

<u>OPTIONS PLAN</u>	<u>2014</u>	<u>2015</u>
Medical Waiver	\$ 228.00	\$ 228.00
Employee Only	\$ 757.46	\$ 812.00
Employee + 1 dependent	\$1,382.02	\$ 1,481.53
Employee + 2 or more dependents	\$1,632.60	\$ 1,750.15

2. The County monthly health insurance subsidy for eligible temporary and recurrent represented employees will be adjusted by 7.2 percent in Plan Years 2014 and 2015 as follows:

	<u>2014</u>	<u>2015</u>
Employee Only	\$ 635.96	\$ 681.75
Employee + 1 dependent	\$ 1,129.54	\$1,210.87
Employee + 2 or more dependents	\$ 1,296.59	\$1,389.94

3. The medical premiums for non-represented employees will be reduced by 7.2 percent for Plan Year 2014.

<b>Plan</b>	<b>Current 2013 Rates</b>	<b>Proposed 2014 Rates</b>	<b>Percentage Change</b>
<b><u>Kaiser</u></b>			
Employee	\$254.00	\$263.00	3.5%
Employee + child	\$498.00	\$516.00	3.6%
Employee + spouse	\$522.00	\$541.00	3.6%
Family	\$591.00	\$612.00	3.6%
<b><u>Blue Cross HMO</u></b>			
Employee	\$254.00	\$263.00	3.5%
Employee + child	\$498.00	\$516.00	3.6%
Employee + spouse	\$522.00	\$541.00	3.6%
Family	\$591.00	\$612.00	3.6%
<b><u>Blue Cross POS</u></b>			
Employee	\$384.00	\$398.00	3.6%
Employee + child	\$772.00	\$800.00	3.6%
Employee + spouse	\$791.00	\$819.00	3.5%
Family	\$881.00	\$912.00	3.5%
<b><u>Blue Cross Catastrophic</u></b>			
Employee	\$197.00	\$204.00	3.6%
Employee + child	\$395.00	\$409.00	3.5%
Employee + spouse	\$402.00	\$416.00	3.5%
Family	\$464.00	\$481.00	3.7%
<b><u>Blue Cross PPO</u></b>			
Employee	\$491.00	\$509.00	3.7%
Employee + child	\$902.00	\$934.00	3.5%
Employee + spouse	\$936.00	\$969.00	3.5%
Family	\$1,085.00	\$1,124.00	3.6%